

**CONROE**

INDEPENDENT SCHOOL DISTRICT

Legal Department**Carrie Galatas**
General Counsel

Received & Inspected

September 24, 2009

SEP 25 2009

FCC Mail Room

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

Re: **CC Docket No. 02-06**
Waiver Request & Request for Review for Form 471 Application Number 346687;
Funding Year 2003; Billed Entity Number 141237; Applicant – Conroe Independent
School District; Applicant Contact Person – Dr. Scott Barrett

Dear Ms. Dortch,

The purpose of this letter is to respectfully request, (1) the waiver of the deadline to appeal a decision made by USAC; and (2) a review of the decision made by USAC to rescind funding request number 934625 (Form 471 Application Number 346687).

Waiver Request

In July 2009 Applicant, the Conroe Independent School District, received the "Notification of Commitment Adjustment Letter for Funding Year 2003: July 01, 2003-June 30, 2004". (Attached as Exhibit A). The District's Director of Technology, Dr. Scott Barrett, was the recipient of the correspondence. Dr. Barrett had never before seen a Commitment Adjustment letter. After review of the letter, he determined that because the letter was sent to a vendor of the District, Interfacing Company of Texas, Inc (the Service Provider), there was no responsibility on behalf of the District to take any action. Dr. Barrett notified the District's CFO, Mr. Dan Cox, that a letter demanding payment from the vendor had been received. Dr. Barrett and Mr. Cox discussed the District returning the demanded sum (\$134,261.88) to the service provider so that the service provider could return the money to USAC. Ultimately, Mr. Cox, determined that no payment could be made until the District received a demand letter from the service provider.

The District thought no more about the matter until it received the "Demand Payment Letter" from USAC dated August 31, 2009. (Attached as Exhibit B.) Dr. Barrett took the letter to the Mr. Cox, who then contacted the District's Legal Department to determine the mechanism for authorizing payment. In the process of requesting an extension of time from USAC to repay the funds, the Legal Department, who was also unfamiliar with this process, learned of the Commitment Adjustment letter and the District's ability to appeal USAC's decision.

The District understands the importance of deadlines. However, under these circumstances we request waiver of the appeal deadline. Waiver of this deadline to allow the District to appeal the

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decision of USAC regarding repayment of funds under the circumstances described below is in the public interest. Repayment of these funds, in this trying economic time, would be a disservice to the almost 50,000 students in our district. Please consider the merits of this case and do not dispose of this matter based on a procedural violation.

Request for Review

The District is being required to repay funds for the following reason set out in the notice from USAC:

"... it has been determined that this funding commitment must be rescinded in full. During the course of review it was determined that this is a request for telecommunications service and that the service provider is not a telecommunications carrier. FCC regulations provide that telecommunications carriers are eligible for universal service support..."

The District acknowledges that the service provider, Interfacing Company of Texas, Inc., is not a telecommunications carrier. However, at the time the application was made, the District did not believe the category of reimbursement for which it had applied (Internal Connections) required the service to be performed by a telecommunications carrier. As such, the District selected the vendor that could give it the best price, provide a better quality product and the lowest renewal rate fees. (See Exhibit C attached). Had the District used a telecommunications carrier to provide this service, the District's taxpayers would have paid in excess of four million dollars more for the same service and received a less desirable product. When the District's application was reviewed by USAC, USAC amended the application and changed the category from "Internal Connections" to "Telecommunications". The "Telecommunications" category requires the service to be performed by a telecommunications carrier. As a result, the District is expected to repay \$134,261.00.

The Conroe Independent School District respectfully requests your consideration of the circumstances of this case. Repayment of these funds would pose a significant hardship to the District. The Conroe Independent School District used the funds provided for an appropriate purpose at a great cost savings to the tax payer. It would be inconsistent with the Commission's rules and serves no public purpose to punish a recipient for being prudent with tax dollars, particularly since there was no intentional violation of the Commission's rules, no waste, fraud, misuse of funds or failure to adhere to the core requirements of the program. In light of these circumstances, we implore you to waive the timeline for appeal, grant the District's request for review and overturn USAC's decision regarding repayment of funds. If you have any questions or require any further information regarding this appeal, please call me.

Sincerely,



Carrie Galatas

cagalatas@conroeisd.net

Cc: Dr. Don Stockton, Superintendent of Schools

Interfacing Company of Texas, Inc.
Attn: Cari Merzi
7230 Langtry
Houston, TX 77040

Universal Service Administrative Company
Schools and Libraries Division
Lockbox 1259
540 West Madison, 4th Floor
Chicago, IL 60661

Letter of Appeal
Schools and Libraries Division – Correspondence Unit
100 S. Jefferson Road
P.O. Box 902
Whippany, NJ 0798
(VIA Facsimile 973-599-6542)

Attachments

SEP 25 2009

FCC Mail Room

Schools & Libraries Division



Notification of Commitment Adjustment Letter**Funding Year 2003: July 01, 2003 - June 30, 2004**

June 30, 2009

Christi Caple
Interfacing Company of Texas, Inc.
P.O. Box 131835
The Woodlands, TX 77393-1835

Re: SPIN: 143009090
Service Provider Name: Interfacing Company of Texas, Inc.
Form 471 Application Number: 346687
Funding Year: 2003
FCC Registration Number:
Applicant Name: CONROE INDEP SCHOOL DISTRICT
Billed Entity Number: 141237
Applicant Contact Person: Dr. Scott Barrett

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were committed in violation of Program rules.

In order to be sure that no funds are used in violation of Program rules, the Universal Service Administrative Company (USAC) must now adjust the overall funding commitment. The purpose of this letter is to make the required adjustments to the funding commitment, and to give you an opportunity to appeal this decision. USAC has determined the service provider is responsible for all or some of the program rule violations. Therefore, the service provider is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of that letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see "Red Light Frequently Asked Questions (FAQs)" posted on the FCC website at http://www.fcc.gov/debt_collection/faq.html.

Schools and Libraries Division - Correspondence Unit
100 South Jefferson Road, P.O. Box 902, Whippany, NJ 07981
Visit us online at: www.usac.org/sl



TO APPEAL THIS DECISION:

You have the option of filing an appeal with USAC or directly with the Federal Communications Commission (FCC).

If you wish to appeal the Commitment Adjustment Decision indicated in this letter to USAC your appeal must be received or postmarked within 60 days of the date of this letter. If you wish to appeal the Commitment Adjustment Decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and email address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Number(s) (FRN) you are appealing. Your letter of appeal must include the
 - Billed Entity Name,
 - Form 471 Application Number,
 - Billed Entity Number, and
 - FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow USAC to more readily understand your appeal and respond appropriately. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep a copy of your entire appeal including any correspondence and documentation.
4. If you are an applicant, please provide a copy of your appeal to the service provider(s) affected by USAC's decision. If you are a service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.
5. Provide an authorized signature on your letter of appeal.

To submit your appeal to USAC by email, email your appeal to appeals@sl.universalservice.org. USAC will automatically reply to incoming emails to confirm receipt.

To submit your appeal to us by fax, fax your appeal to (973) 599-6542.

To submit your appeal to us on paper, send your appeal to:

Letter of Appeal
Schools and Libraries Division - Correspondence Unit
100 S. Jefferson Rd.
P. O. Box 902
Whippany, NJ 07981

For more information on submitting an appeal to USAC, please see the "Appeals Procedure" posted on our website.

If you wish to appeal a decision in this letter to the FCC, you should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received by the FCC or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. We strongly recommend that you use the electronic filing options described in the "Appeals Procedure" posted on our website. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554.

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from your application for which adjustments are necessary. See the "Guide to USAC Letter Reports" posted at <http://usac.org/sl/tools/reference/guide-usac-letter-reports.aspx> for more information on each of the fields in the Report. USAC is also sending this information to the applicant for informational purposes. If USAC has determined the applicant is also responsible for any rule violation on the FRN(s), a separate letter will be sent to the applicant detailing the necessary applicant action.

Note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Review the Funding Commitment Adjustment Explanation in the attached Report for an explanation of the reduction to the commitment(s). Please ensure that any invoices that you or the applicant(s) submits to USAC are consistent with Program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds the Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the service provider is responsible for repaying.

Schools and Libraries Division
Universal Services Administrative Company

cc: Dr. Scott Barrett
CONROE INDEP SCHOOL DISTRICT

Funding Commitment Adjustment Report
Form 471 Application Number: 346687

Funding Request Number:	934625
Contract Number:	MTM
Services Ordered:	INTERNET ACCESS
Billing Account Number:	936-709-7600
Original Funding Commitment:	\$148,151.04
Commitment Adjustment Amount:	\$148,151.04
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$134,261.88
Funds to be Recovered from Service Provider:	\$134,261.88

Funding Commitment Adjustment Explanation:

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. During the course of review it was determined that this is a request for telecommunications service and that the service provider is not a telecommunications carrier. FCC regulations provide that telecommunications carriers are eligible for universal service support. FCC has determined that to be eligible to receive universal service support for telecommunications services, the service provider must be a telecommunication carrier. A telecommunications carrier is an entity that provides telecommunications services, i.e., transmission services on a common carriage basis. To be a telecommunications carrier, the carrier must (1) allow the customer to transmit information of its own design and choosing, without changing the form or content of the information, and (2) provide that capability for a directly to the public, or to such classes of users as to be effectively available to the public (i.e., hold itself out to serve indifferently all potential users). Since this is a request for telecommunications service from a service provider that is not eligible to receive universal service support for telecommunications service, the commitment has been rescinded in full and USAC will seek to recover any disbursed funds from the service provider.

Schools and Libraries Division

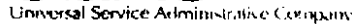


EXHIBIT
B

will be repaying the debt to avoid duplicate payment. Please note, however, that the debt is the responsibility of both the applicant and service provider. Therefore, you are responsible for ensuring that the debt is paid in a timely manner.

Please remit payment for the full "Funds to be Recovered from Service Provider" amount shown in the Report. To ensure that your payment is properly credited, please include a copy of the Report with your check. Make your check payable to the Universal Service Administrative Company (USAC).

If sending payment by U. S. Postal Service or major courier service (e.g. Airborne, Federal Express, and UPS) please send check payments to:

Universal Service Administrative Company
1259 Paysphere Circle
Chicago, IL 60674
Phone: 877-994-7272

If you are located in the Chicago area and use a local messenger rather than a major courier service, please address and deliver the package to:

Universal Service Administrative Company
Lockbox 1259
540 West Madison 4th Floor
Chicago, IL 60661
Phone: 877-994-7272

Local messenger service should deliver to the Lockbox Receiving Window at the above address.

Payment is due within 30 days from the date of this letter.

Complete Program information is posted to the SLD section of the USAC website at www.usac.org/sl/. You may also contact the SLD Client Service Bureau by email using the "Submit a Question" link on the SLD website, by fax at 1-888-276-8736 or by phone at 1-888-203-8100.

Universal Service Administrative Company
Schools and Libraries Division

cc: Dr. Scott Barrett
CONROE INDEP SCHOOL DISTRICT

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PLEASE SEND A COPY OF THIS PAGE WITH YOUR
CHECK TO ENSURE TIMELY PROCESSING

The initial contract with Interfacing Company of Texas, Inc. (ICTX). signed July 16, 2002, consisted of 25 sites, each connected to a central site with 6 strands of single-mode fiber. See diagram 1, which depicts the current CISD network, as provided by ICTX. The following tables compares the 15-year costs associated with ICTX (Table 1.) and estimated costs from Southwester Bell (Table 2), based upon an average Gigaman quote for similar locations, with no yearly increase included. Not only are the ICTX costs significantly lower, they are for dark fiber, which allows us to upgrade to 10Gb or what ever premise equipment we provide. On the other hand, the SWB estimate is for a Gigaman service. Additional bandwidth requirements would significantly increase monthly costs.

Interfacing Company of Texas Inc, July 16, 2002						
6-strands of single-mode fiber between each site - Bandwidth limited only by premise equipment						
Item	Months	Sites	Non Reoccurring Costs	Monthly Reoccurring Costs / Site	Monthly Costs	Total Cost for Term
Intital Term	60	25	\$4,500	\$941	\$23,252	\$1,411,500
Post Term	60	25	\$0	\$424	\$10,600	\$636,000
Year 10 +	60	25	\$0	\$212	\$5,300	\$318,000
Total Costs over 15 years						\$2,365,500

Table 1. ICTX Costs.

SBC						
1Gb Ethernet Service between sites						
Item	Months	Sites	Non Reoccurring Costs	Estimated Monthly Reoccurring Costs / Site	Monthly Costs	Total Cost for Term
Intital Term	60	25	\$0	\$1,500	\$37,500	\$2,250,000
Post Term	60	25	\$0	\$1,500	\$37,500	\$2,250,000
Year 10 +	60	25	\$0	\$1,500	\$37,500	\$2,250,000
Total Costs over 15 years						\$6,750,000

Table 2. SBC Estimated Costs.



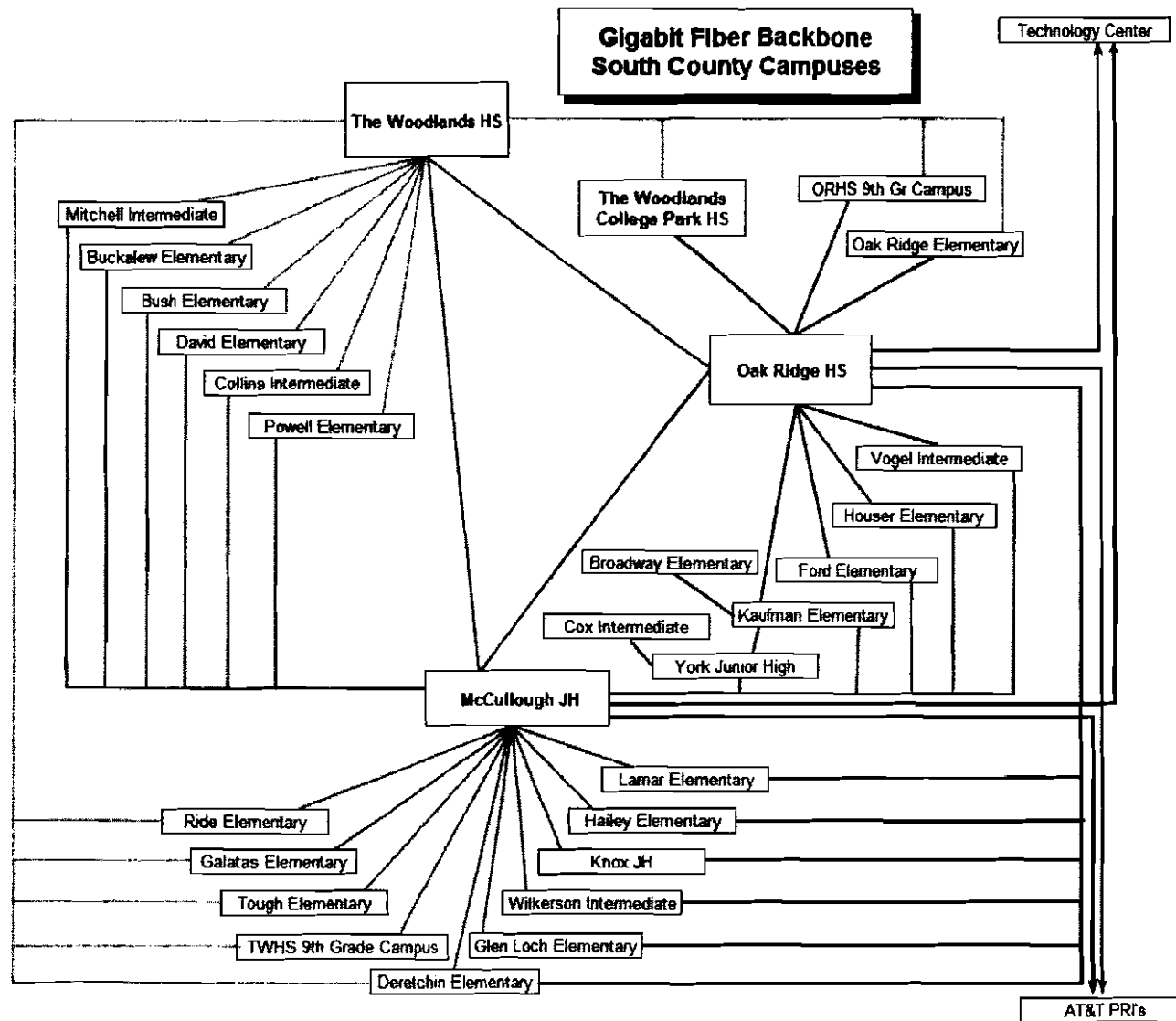


Diagram 1. Conroe ISD TCTX Fiber network.